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Office Memorandum • UNITED STATES GOVERNMENT

CONFIDENTIAL

TO : ARA - Mr. Pearson

DATE: August 4, 1954

FROM : AR - W. G. Bowdler WGB.

SUBJECT: ARA Monthly Report for July

Would you please substitute the enclosed for the corresponding section of the summary prepared by John Fisher on Guatemala. He has gone over it and concurs in the revision.

I also suggest that under the Regional Affairs subheading of the report you insert a cross-reference to this section.

Attachment:

Draft

AR:WGBowdler:jh

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POLITICAL SUMMARY

GUATEMALA

Control of the Government-Following the hemisphere's first successful anti-Communist revolt, a new government for Guatemala began to take shape on July 2 with the signing in San Salvador of an agreement between Colonel Carlos Castillo Armas, rebel leader, and Colonel Elfego H. Monzon, a senicr Army officer known to have expressed anti-Communist views while serving the preceding administrations. The two men were brought to agreement through the good offices of President Osorio of El Salvador and American Ambassador to Guatemala Peurifoy, who flew to San Salvador after the talks broke down over the issue of control of the new government. The solution finally agreed upon provided for establishment of a five man Junta under Monzon which would include Castillo Armas and one of his men, and for election of a new Junta president within fifteen days. On July 7 the Junta unanimously elected Castillo its permanent President and the two Army officers, Cruz and Dubois, who were held over from the preceding Junta with Monzon resigned, leaving the Junta composed of Castillo Armas, Monzon, and Oliva, a member of Castillo Armas' rebel force.

Meanwhile, the Junta under Monzon had on July 5 appointed a cabinet of nine ministers, seven of them nominees of Castillo Armas. A new Supreme Court, described by some as the best in memory, was appointed on July 10, in a thorough reorganization of the Judiciary.

Flight or removal of many government employees stripped some Ministries and agencies of personnel, whose places were immediately sought by hordes of office seekers. Behind the scenes, friction between the various anti-Communist elements hampered orderly reconstruction of the government, which remained the principal preoccupation of the leaders. Although it was still beneath the surface, there was perceptible tension between Castillo Armas and Monzon, reflecting resentment and distrust between those who actively fought and suffered to overthrow Arbenz, and those who went along with Arbenz until Castillo Armas seemed certain to win. Monzon's primary concern seemed to be preservation of the dignity of the regular Army, and without any popular following of his own he seemed destined to play a transitory role in Guatemalan politics while Castillo Armas proceeds to consolidate the Army support necessary for firm control of the Government.

In the reorganization of the Armed Forces, officers apparently satisfactory to Castillo Armas took the top posts in the Army and Air Force, while a group of officers who had been given key posts under Arbenz were first considered for military attaché assignments but later merely exiled.

Cleanup of

Cleanup of Communists Not Effective-The elaborate political structure which the Communists built up over a ten year period quickly collapsed when the Army and the people of Guatemala were called on to actually go out and fight for it, but the new regime has been ineffective in rounding up the key Communist leaders who occupied seats of power for so long. None of the dangerous Communist party heads is in custody. Of the eleven members of the party's Political Committee, only four have been accounted for, and these succeeded in gaining diplomatic asylum. Police filled the jails to overflowing with 4,000 "Communists", mostly farm workers from the local Agrarian Committees. As health conditions in the jails threatened to become serious, the Government began to let them out in driblets. The Junta on July 20 established a "Committee of National Defense Against Communism" authorized to order police arrests, but its scope of activities remains vague and its composition is still unknown.

To facilitate the purging of Communists and pro-Communists from the public service, the Junta issued a decree depriving public employees of severance pay and the right to reinstatement if dismissed between June 27 and December 27, 1954. However, the Government has yet to develop a systematic security program for its employees. In some agencies there have been wholesale dismissals with the inevitable outcries while in others the new ranking officials frankly do not know whom to fire.

Agrarian Reform-As a replacement for the Agrarian Reform Law used as a political instrument by the Communists under the Arbenz regime, the Junta on July 26 issued a substantially more conservative transitional "agrarian statute" under which the principle that land should be given out as private property is established, but further expropriations and forced rentals are suspended until a new Agrarian Reform Law is drawn up. Since the Junta had previously announced that the new Agrarian Reform Law would not be promulgated until there was a new Constitution, the new statute may in effect bring further distribution of land under the agrarian reform program to a halt for a long period while at the same time stopping peasants from obtaining the use of land under the forced rental law. While the statute provides that land legally granted under the old agrarian law will not be taken away, and promises that it will become the property of the present legal tenants, the statute also provides that land will continue to be held under the same conditions as at present until the promulgation of a new permanent Agrarian Law, which may turn out to be two or three years from now.

About half the articles of the Statute are devoted to establishing a procedure for landowners or peasants who feel that their rights were violated under the old Agrarian Reform Law to seek redress.

In issuing

In issuing the interim statute, the Junta faced a difficult problem of political timing because the Communist-inspired excesses perpetrated under the previous law demanded early rectification in order to avoid their becoming sanctioned by the passage of time, while it was impossible without making Constitutional changes immediately to give campesinos land as private property. It was necessary, as a consequence, to strengthen, even at the price of some popularity, the property owners' rights pending the promulgation of a new Agrarian Reform Law.

Labor-The reorganization of the labor movement got off to an uneven start. The anti-Communist labor leader Ruben Villatoro set up a "National Committee for Union Reorganization" with the help of Serafino Romualdi of the American Federation of Labor and Daniel Benedict of the CIO. However, no sooner had this started than Jose Garcia Bauer, a former radical Catholic labor judge, set up a rival "Social Christian" labor organization which sought to align itself closely with the Church, but which contained elements tainted by willing collaboration with the former Communist labor leadership. Unionists could take some encouragement from the Government's assurances that free labor organizations would be permitted, conditioned only on elimination of Communist leadership.

Other Political Developments-In other domestic measures, the new regime showed a marked turn from its predecessor. Among its first acts was the disenfranchisement of the three quarters of Guatemala's population which are illiterate, a move which has long been considered necessary by anti-Communists who saw the Arbenz regime manipulate this vote to install Communist elements. There has also been a reproachment between the Government and the Roman Catholic Church. Among other signs of this was the visit of Junta President Castillo Armas to the Archbishop in the latter's Palace on July 17, the first such call by a Chief of State since the Liberal Revolution in 1870, according to the press.

International Relations-The United States recognized the new regime in Guatemala on July 13. By the end of the month all the other American Republics except Ecuador and Uruguay had recognized, and a number of European and other countries had resumed diplomatic relations.

There was a potential source of difficulty between Guatemala and several other American Governments over the troublesome issue of asylees. A total of 770 people surged into several diplomatic missions in Guatemala City when Arbenz fell, including Arbenz himself, at least 8 of his 10 Ministers, the bulk of the old Congress, and large numbers of second echelon government officials and labor and Communist-front organizations. Safe conducts have been given only a few women and children, but no firm policy has yet been worked out to prevent dangerous Communists and collaborators from being put back into circulation in the hemisphere.

In an

In an exchange of notes in Guatemala City at the end of July, we concluded an agreement with Guatemala under which the purchase of military equipment from the United States Government was made possible, and in response to a cash order from the Guatemalan Government, we sold it three F-51 aircraft which were immediately delivered.

The Inter-American Peace Committee fact-finding group, while still in Mexico City awaiting confirmation from Guatemala, Honduras and Nicaragua that it could proceed to their territories to investigate the charges made before it by the Arbenz regime, was informed early in July by the authorities of all three Governments that the controversy no longer existed. Since the purpose of the Committee was to clarify the facts of the situation in order to assist in a peaceful solution, there remained no further basis for action on its part. It returned to Washington and prepared a report for the information of the Security Council of the United Nations.

In a cable to the Security Council, Guatemala asked that no further action be taken with respect to the charges of "invasion" brought by the Arbenz regime.